

Opinion **US-China trade dispute**

## Containing China is Biden's explicit goal

US efforts to isolate Beijing's high-tech sector may accelerate Xi Jinping's bid to take control of Taiwan

**EDWARD LUCE**



The US president's recent actions may have made a violent resolution to China's Taiwan policy more likely © FT montage: Getty Images/Reuters

**Edward Luce** YESTERDAY

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Imagine that a superpower declared war on a great power and nobody noticed. Joe Biden this month launched a full-blown economic war on China — all but committing the US to stopping its rise — and for the most part, Americans did not react.

To be sure, there is Russia's war on Ukraine and inflation at home to preoccupy attention. But history is likely to record Biden's move as the moment when US-China rivalry came out of the closet. America is now pledged to do everything short of fighting an actual war to stop China's rise.

It is not clear that corporate America, or its foreign counterparts, have fully digested what is about to hit them. For decades, serious businesses have based their growth models on having a China strategy — whether it be by exporting to China, or producing there, or both. Unless a company's product is, say, luxury goods or agricultural commodities, [Biden's technological decoupling](#) will hit their bottom line. His escalation also marks a final break with decades of US foreign policy that assumed China's global integration would tame its rise as a great power.

America's conversion to China containment is bipartisan. It was one thing for Donald Trump to target Huawei and ZTE, the Chinese telecoms conglomerates, and aim for managed trade. It is another for Trump's Democratic successor to isolate China's entire high-tech sector. It is notable there are no prominent voices raised in either

political party against US-China decoupling. [Washington's China politics](#) is now about which party can get more to the right of the other.

There are two big risks to Biden's gamble. The first is that America is now close to making regime change in China its implicit goal. The new restrictions are not confined to the export of high-end US semiconductor chips. They extend to any advanced chips made with US equipment. This incorporates almost every non-Chinese high-end exporter, whether based in Taiwan, South Korea or the Netherlands. The ban also extends to "US persons", which includes green card holders as well as US citizens. That presents a binary choice between America or China. Most will choose the US. But there are tens of thousands of Chinese green card holders who will now be inclined to believe Beijing's claim that there can be no such thing as divided loyalty.

The hit to China's economy will be far bigger than the word "semiconductor" implies. Biden's move draws on the premise that any advanced chip can be used by China's military, including for nuclear weapon and hypersonic missile development. It is also meant to undercut China's goal of dominating global artificial intelligence by 2030. But all such chips are dual use, which means that the US is now committed to blocking China in all kinds of civilian technologies that make up a modern economy.

In most American and many western eyes, such steps look like a fair response to decades of Chinese intellectual property theft that has fuelled its military growth. In Chinese eyes, it will look like [the US wants to keep communist China permanently down](#). It is no great leap from that to regime change.

The more imminent risk is that Biden's gamble could prompt Xi Jinping, China's president, to accelerate his timetable for Taiwan reunification. The island state is by far the world's largest maker of high-end chips. That Biden's move took place shortly before [China's 20th party congress](#), which ends on Saturday with a likely third five-year term for Xi, is notable. Many China watchers think Xi wanted to put the party congress behind him before turning to [his vow of fixing the Taiwan problem](#). Biden could have made a violent resolution to China's Taiwan policy more likely. He could equally have given Xi pause for thought. We will find out.

What we do know is that national security is once again the lens through which Washington sees the world. Rest in peace "the world is flat" and the "end of history". The US has endorsed a zero-sum metric in which China's rise is seen as being at America's expense. You could say that Biden is belatedly reacting to what China has been talking about for years — with increasing subtlety by Xi. But that is hardly

reassuring. It means that the world's hegemon and its only serious rival now see each other through the same lens. As is usually the case in history, nobody else gets much of a say.

Will Biden's gamble work? I'm not relishing the prospect of finding out. For better or worse, the world has just changed with a whimper not a bang. Let us hope it stays that way.

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